



**IOWA HEALTH SYSTEM AND SUBSIDIARIES
D/B/A UNITYPOINT HEALTH**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

DISCLAIMER

This document is marked with a dated date and speaks only as of that dated date. Readers are cautioned not to assume that any information has been updated beyond the dated date except as to any portion of the document that expressly states that it constitutes an update concerning specific recent events speaks only as of its date. UnityPoint Health expressly disclaims any duty to provide an update of any information contained in this document.

The information contained in this document may include “forward-looking statements” by using forward-looking words such as “may”, “will”, “should”, “expects”, “believes”, “anticipates”, “estimates”, or others. You are cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, receipt of funding grants, and various other factors that are beyond our control.

Because we cannot predict all factors that may affect future decisions, actions, events, or financial circumstances, what actually happens may be different from what we include in forward-looking statements.

**IOWA HEALTH SYSTEM AND SUBSIDIARIES
D/B/A UNITYPOINT HEALTH**

**CONTINUING DISCLOSURE STATEMENT
FOR THE
QUARTER ENDED DECEMBER 31, 2020**

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SECTION 1

OVERVIEW OF UNITYPOINT HEALTH

GENERAL

Initially formed in 1994, Iowa Health System (“IHS”), an Iowa not-for profit corporation, controls, directly or indirectly, a regional health care delivery system that includes, as of December 31, 2020, fifteen Hospitals (including Blank Children’s Hospital) in thirteen Iowa cities, five hospitals in four Illinois cities, one hospital in Madison, Wisconsin, and approximately 2,000 patient service provider full time equivalents practicing in 110 communities (collectively, the “System”).

IHS publicly operates as UnityPoint Health. The legal name of the parent remains Iowa Health System, with the UnityPoint Health name reflecting a doing business as (d/b/a). This “d/b/a” name reflects the transformation of clinical processes underway within the System and the adaptation to better address the health care needs of communities, including building a model of delivering health care that coordinates care around the patient while focusing on improving the quality of care and reducing costs. UnityPoint Health is a federally registered trademark and is intended to be the predominant name. UnityPoint Health will be referred to as the System for purposes of this document.

The System entities employ around 28,100 employees (on a full time equivalent basis) System-wide, including being one of the largest not-for profit workforce in the combined State of Iowa and Western Illinois area, and work toward innovative advancements to achieve the vision of delivering the Best Outcome for Every Patient Every Time. The System also provides a multitude of community benefit programs and services to improve the health of people in its communities.

The primary operations of the System are conducted through an array of not-for profit and for-profit subsidiaries controlled, directly or indirectly, by UnityPoint Health. The affiliates include Central Iowa Health System d/b/a UnityPoint Health – Des Moines, Methodist Health Services Corporation (“MHSC”), Trinity Regional Health System, Meriter Health Services, Inc. (“MHS”), St. Luke’s Healthcare, Allen Health Systems, Inc., St. Luke’s Health System, Inc., Trinity Health Systems, Inc., Finley Tri-States Health Group, Inc., Iowa Physicians Clinic Medical Foundation d/b/a UnityPoint Clinic, and UnityPoint at Home.

Corporations that own and operate hospitals are referred to as “Hospitals”. The Hospitals include Central Iowa Hospital Corporation (“CIHC”), which operates Iowa Methodist Medical Center in Des Moines, Iowa, including Blank Children’s Hospital, Iowa Lutheran Hospital in Des Moines and Methodist West Hospital in West Des Moines; Grinnell Regional Medical Center in Grinnell, Iowa; The Methodist Medical Center of Illinois and Proctor Hospital, both in Peoria, Illinois; Pekin Hospital in Pekin, Illinois; Trinity Medical Center, which operates Trinity Rock Island in Rock Island, Illinois, Trinity Moline in Moline, Illinois and Trinity Bettendorf in Bettendorf, Iowa; Unity HealthCare, which operates as Trinity Muscatine in Muscatine, Iowa; Meriter Hospital in Madison, Wisconsin; St. Luke’s Methodist Hospital in Cedar Rapids, Iowa; St. Luke’s/Jones Regional Medical Center in Anamosa, Iowa; Allen Memorial Hospital Corporation in Waterloo, Iowa; UnityPoint Health - Marshalltown in Marshalltown, Iowa; Northwest Iowa Hospital Corporation, which operates St. Luke’s Regional Medical Center of Sioux City, Iowa; Trinity Regional Medical Center in Fort Dodge, Iowa; The Finley Hospital in Dubuque, Iowa; and Keokuk Area Hospital in Keokuk, Iowa.

UnityPoint Health is also the sole corporate member of Iowa Physicians Clinic Medical Foundation, d/b/a UnityPoint Clinic, a group practice which employs approximately 860 patient service provider full time equivalents in several markets in which the System operates Hospitals. UnityPoint Health has been the sole corporate member of UnityPoint Clinic since 1993, however, as a part of the consolidation of the System's employed physicians into UnityPoint Clinic and as a part of UnityPoint Health becoming a physician driven organization, UnityPoint Clinic is also recognized as an affiliate. Other employed physician groups in the System may use the name UnityPoint Clinic if they follow agreed upon standards and terms of trademark usage.

UnityPoint Health is the sole corporate member of UnityPoint at Home, which provides adult and pediatric home care services, nursing care, rehabilitation therapy, infusion therapy, specialty pharmacy, palliative care, hospice, and home medical equipment services in communities across Iowa and Illinois. UnityPoint at Home works together with its affiliated UnityPoint Health physicians and hospitals to coordinate the services, support, and education necessary for patients to continue their care at home. Home care services in the System which are not a part of UnityPoint at Home may use the name UnityPoint at Home if they follow agreed upon standards and terms of trademark usage.

MISSION AND PHILOSOPHY OF THE SYSTEM

The System's mission is to improve the health of the people and communities it serves, and its vision is to provide 'the best outcome for every patient every time.' The System was originally designed by the Board of Directors and management of UnityPoint Health to become an integrated health care delivery system whose hospital and physician providers would benefit from services provided jointly by and through the System. By providing a balance of hospitals, physicians and other providers, the System provides a health care delivery model for the region that is designed to match the best and most appropriate level of service to the needs of the patient.

1. PHILOSOPHY REGARDING GROWTH

The Board of Directors and senior management of UnityPoint Health believe that the System is currently of adequate size to achieve the benefits, efficiencies and quality improvements associated with the integration of several key, common functions. With the changing landscape of the healthcare delivery model and reimbursement, the Board of Directors and senior management of UnityPoint Health believe that there is value in pursuing opportunities for growth in a strategic fashion. UnityPoint Health's philosophy regarding additional acquisitions, affiliations or dispositions is to only pursue such transactions whenever, in the judgment of the Board of Directors and senior management of UnityPoint Health, the particular transaction under review would produce operating efficiencies, permit cost reductions or reductions in the rate of cost increases, improve delivery and quality of health services, extend its operations into areas not currently being served by the System, meet strategic or mission objectives of the System, or improve the overall efficiency or credit strength of the System. As part of its strategic growth plan, UnityPoint Health has discussed opportunities for affiliation or alignment with several independent physician groups and health systems.

Effective July 1, 2018, the System entered into an Affiliation agreement with Memorial Hospital Association (“MHA”), of Carthage, Illinois, under which MHA became a consolidated subsidiary of the System. MHA primarily operates Memorial Hospital, an 18 bed critical access hospital that provides acute, ambulatory and emergency care. This affiliation will assist in providing better patient care coordination in the community served by MHA in addition to expanding the network of efficient and quality providers to increase customer value and experience. The affiliation was accomplished by the System becoming the sole member of MHA. Effective September 30, 2019, the System and MHA terminated their affiliation agreement.

Effective May 1, 2019, the System’s subsidiary, Methodist Health Services Corporation (MHSC) entered into an Affiliation agreement with UnityPlace. The affiliation was accomplished by MHSC becoming the sole member of UnityPlace.

Effective February 28, 2021, the System and Keokuk Health Systems, Inc. terminated their affiliation agreement.

2. PHILOSOPHY REGARDING PHYSICIAN ALIGNMENT

The Board of Directors and senior management of the System believe that physician alignment is paramount to the System’s ability to provide quality care in the communities served. The System has implemented several key initiatives to ensure alignment with both its employed physician base as well as the independent physicians that provide care in the System’s facilities.

The Physician Leadership Academy was established to provide education to practicing physicians as to how to become effective leaders. These physicians develop leadership skills during the academic program and are then asked to participate in various initiatives throughout the System to utilize the skills they have learned. Many of these initiatives have centered around quality or the shift from fee-for-service reimbursement to the management of the health of a population.

The System has organized the majority of its employed physician base under a single existing corporate structure (UnityPoint Clinic). This single reporting structure allows for better coordination and alignment of priorities in the clinical quality area. Talks continue with several other groups within the System that are not currently organized under this structure with the intention of more joining the System-wide group in the future. Physicians employed by the organization who are not a part of UnityPoint Clinic may use the UnityPoint Clinic name if they follow agreed upon standards and terms of trademark usage.

The System owns, through a designated physician licensed in Illinois, a noncontrolling interest in Quincy Physicians & Surgeons Clinic, S.C. d/b/a Quincy Medical Group (“QMG”) of Quincy, Illinois. QMG is a multi-specialty physician practice group with and is also part of the System’s accountable care organization. The physician relationships gained through this investment enable strong collaboration and clinical innovation between QMG and the System’s affiliated physicians.

3. VALUE BASED CONTRACTING

The System is a participant in multiple Accountable Care Organizations (ACOs) that seek to increase quality, value, accountability, and coordination of care across the health care continuum. The System is one of the largest participants in the country in the Medicare Next Generation ACO Model Program. This program is for ACOs that are experienced in coordinating care for populations of patients and allows groups to assume higher levels of risk and reward than are available under the original Medicare Pioneer Model and Shared Savings Programs. The goal of the Model is to test whether strong financial incentives for ACOs, coupled with tools to support better patient engagement and care management, can improve health outcomes and lower expenditures for Medicare beneficiaries.

In total, the ACO agreements the System is a participant in cover approximately 423,000 lives and include provisions for incentive dollars to be earned based on maintaining costs below target levels or achieving certain metrics of quality for the attributed patient population. Costs above target levels for these contracts, covering approximately 348,000 lives, carry a risk of loss.

4. INSURANCE DEVELOPMENT

The System is a 50% owner of HealthPartners UnityPoint Health, Inc. (“HPUPH”), a health insurance corporation equally owned by the System and HealthPartners, Inc., a Minnesota not-for-profit corporation based in Minneapolis, Minnesota. HPUPH is a licensed health insurer in Iowa and Illinois that offers large group commercial plans in Iowa as well as Medicare Advantage products in Iowa and Illinois. Management of HPUPH is the responsibility of a joint management committee, having equal members from both owner organizations.

5. ORGANIZATIONAL STRUCTURE

UnityPoint Health provides a number of centralized support services to other members of the System, including strategic direction; operating and capital budget coordination and approval; payor contracting, negotiation and support; compliance; coding, billing and collecting; executive recruiting; finance and decision support; analytics and data science; human resource; information technology; quality and performance improvement; internal audit; legal services; physician practice management; marketing and communications; government and external affairs; physician credentialing; reimbursement; supply chain contracting and procurement; clinical asset management; system development; tax and treasury services. The design and operation of the System allows System-wide planning and centralized decision-making on topics which advantage the System as a whole, while preserving adequate local control in the delivery of health care services to advantage the local markets.

6. CORPORATE GOVERNANCE

The Board of Directors of UnityPoint Health meets at least five times per year and provides overall strategy and direction for the System. The Board of Directors can establish directives relating to:

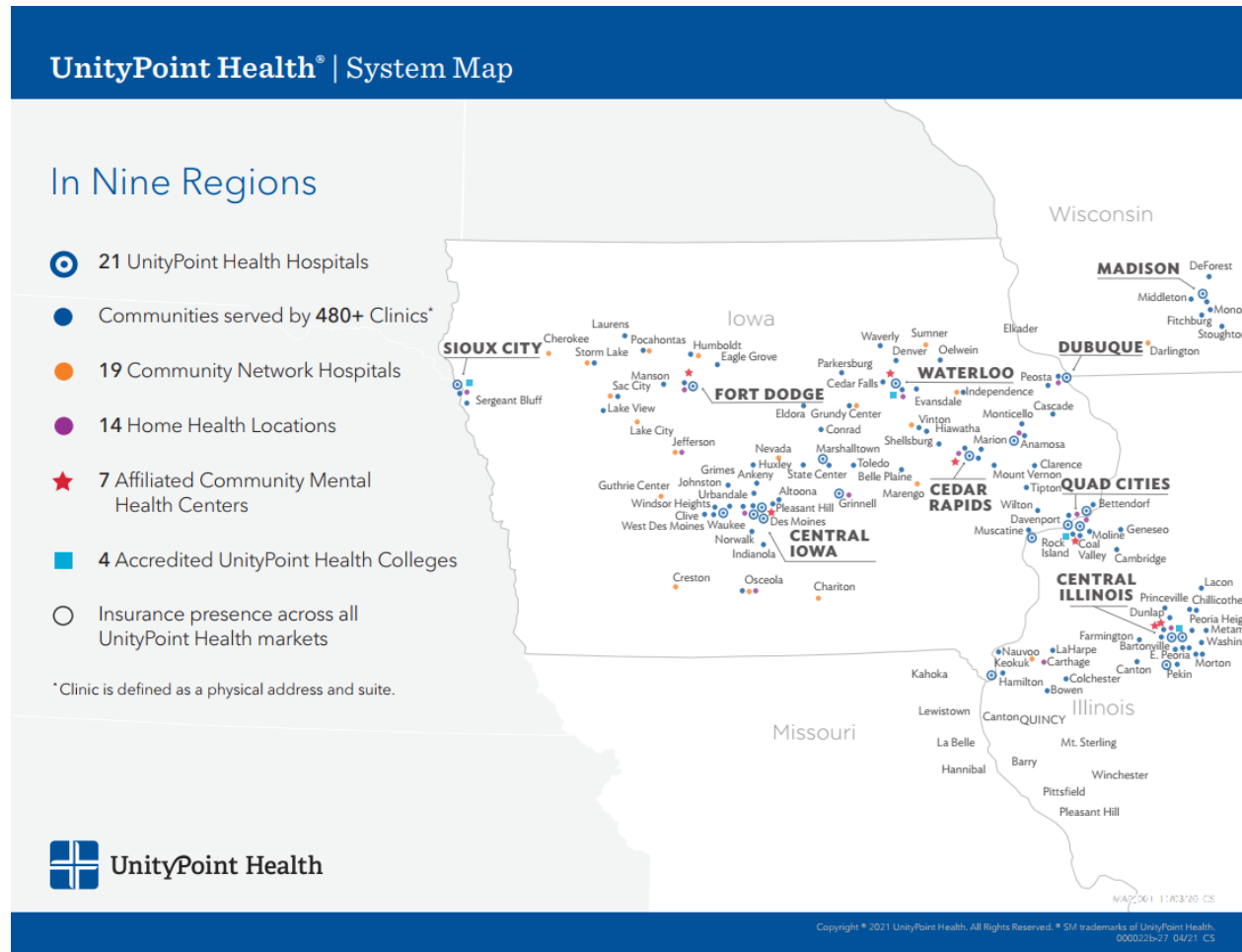
- Strategic planning
- Operating budgets
- Capital budgets
- Incurrence of indebtedness
- Managed care strategies of the System
- Transfers of assets between affiliates and other affiliates, other affiliates of UnityPoint Health, or UnityPoint Health (except to for-profit or other entities unrelated to UnityPoint Health)
- Business plans

Each affiliate is required to comply with such directives and to cause the Hospitals it controls to also comply with such directives if so directed by the Board of Directors of UnityPoint Health.

In September 2003, the System's Board adopted a variety of comprehensive governance and corporate responsibility best practices. The changes include adoption of governance effectiveness guidelines on Board qualifications and fitness, guidelines for independence, outside Board service, Board roles and responsibilities, the business judgment rule, fiduciary duties, including the duties of loyalty, care, confidentiality and oversight of management, and management's access to and meetings with the Board. Board committee charters, supplementing and expanding the bylaws' descriptions of the committee's responsibilities, were adopted. Annual disclosures regarding conflicts of interest are also required under the policy. The System has continued to monitor not-for profit reform initiatives.

7. GEOGRAPHIC LOCATIONS

The following map indicates the location of various facilities of the System.



SECTION 2

CONSOLIDATED FINANCIAL STATEMENTS

UNITYPOINT HEALTH
Consolidated Balance Sheets
(in thousands)

	December 31, 2020	December 31, 2019
	(audited)	(audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 634,781	\$ 278,444
Short-term investments	173,825	25,926
Assets limited as to use - required for current liabilities	24,882	20,167
Patient accounts receivable, net	514,616	565,461
Other receivables	202,377	129,421
Inventories	97,147	84,406
Prepaid expenses	58,501	57,360
Total current assets	<u>1,706,129</u>	<u>1,161,185</u>
Assets Limited As to Use, Noncurrent		
Held by trustee under bond indenture agreements	388	485
Internally designated for capital improvements	1,405,046	1,311,258
Internally designated for insurance reserve	21,834	22,988
Total assets limited as to use, noncurrent	<u>1,427,268</u>	<u>1,334,731</u>
Property, Plant and Equipment, net	1,844,659	1,875,363
Operating Lease Right Of Use Assets	204,343	220,215
Other Long-term Investments	1,593,860	1,102,503
Investments in Joint Ventures and Other Investments	142,910	121,916
Contributions Receivable, net	118,623	114,617
Other	83,665	86,151
Total assets	<u>\$ 7,121,457</u>	<u>\$ 6,016,681</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	\$ 151,244	\$ 129,121
Current portion of operating lease liabilities	32,282	31,450
Accounts payable	233,481	236,412
Accrued payroll	306,736	217,910
Accrued interest	11,614	9,704
Estimated settlements due to third-party payers	85,374	57,252
Other current liabilities	243,043	81,039
Total current liabilities	<u>1,063,774</u>	<u>762,888</u>
Long-term Debt, net	1,134,788	895,871
Long-term Operating Lease Liabilities	176,739	188,765
Other Long-term Liabilities	687,653	396,016
Total liabilities	<u>3,062,954</u>	<u>2,243,540</u>
Net Assets		
Without donor restrictions		
Attributable to UnityPoint Health	3,781,923	3,515,956
Attributable to noncontrolling interest	32,999	31,952
Total without donor restrictions	<u>3,814,922</u>	<u>3,547,908</u>
With donor restrictions		
Attributable to UnityPoint Health	242,852	224,446
Attributable to noncontrolling interest	729	787
Total with donor restrictions	<u>243,581</u>	<u>225,233</u>
Total net assets	4,058,503	3,773,141
Total liabilities and net assets	<u>\$ 7,121,457</u>	<u>\$ 6,016,681</u>

See accompanying notes to consolidated financial statements

UNITYPOINT HEALTH
Consolidated Statement of Operations
(in thousands)

Three Months Ended			Year Ended	
December 31,			December 31,	
2020	2019		2020	2019
		Unrestricted Revenues		
\$ 1,076,954	\$ 1,058,920	Net patient service revenue	\$ 3,932,963	\$ 4,184,332
258,142	133,700	Other operating revenue	667,620	389,961
2,198	3,907	Net assets released from restrictions used for operations	11,468	14,173
<u>1,337,294</u>	<u>1,196,527</u>	Total unrestricted revenues	<u>4,612,051</u>	<u>4,588,466</u>
		Expenses		
452,981	416,697	Salaries and wages	1,645,140	1,624,925
191,005	177,572	Provider compensation and services	710,057	696,151
113,288	101,187	Employee benefits	412,685	418,627
212,047	200,643	Supplies	756,651	755,353
228,696	234,369	Other expenses	750,913	762,670
49,328	22,890	Depreciation and amortization	188,468	195,119
8,740	8,423	Interest	34,296	35,107
474	7	Provision for uncollectible accounts	460	64
<u>1,256,559</u>	<u>1,161,788</u>	Total expenses	<u>4,498,670</u>	<u>4,488,016</u>
<u>80,735</u>	<u>34,739</u>	Operating Income (loss)	<u>113,381</u>	<u>100,450</u>
		Nonoperating Gains (Losses)		
209,070	101,648	Investment income (loss)	188,710	313,065
-	(2,317)	Contribution received in affiliations	-	(2,317)
18,036	8,885	Other, net	(7,045)	(25,226)
<u>227,106</u>	<u>108,216</u>	Total nonoperating gains (losses), net	<u>181,665</u>	<u>285,522</u>
307,841	142,955	Revenue Over Expenses Before Loss on Bond Refinancing Transactions	295,046	385,972
-	-	Loss on bond refinancing transactions	(16,671)	-
307,841	142,955	Excess of Revenues Over Expenses	278,375	385,972
(1,288)	(1,326)	Less Noncontrolling Interest	(2,620)	(4,974)
<u>\$ 306,553</u>	<u>\$ 141,629</u>	Excess of Revenues Over Expenses Attributable to UnityPoint Health	<u>\$ 275,755</u>	<u>\$ 380,998</u>

See accompanying notes to consolidated financial statements

UNITYPOINT HEALTH
Consolidated Statement of Changes in Net Assets
(in thousands)

Three Months Ended December 31,			Year Ended December 31,	
2020	2019		2020	2019
		Net assets without donor restrictions		
\$ 306,553	\$ 141,629	Excess of revenues over expenses	\$ 275,755	\$ 380,998
307	340	Amortization of previously hedged interest swaps fair value	1,360	1,360
4,323	7,008	Net assets released from restrictions used for capital expenditures	8,547	13,100
(18,293)	3,192	Change in defined benefit pension plan gains and losses and prior costs and credits	(18,293)	3,192
86	380	Contributions of or for acquisition of property and equipment	206	1,399
(2,462)	(8,565)	Other, net	(1,608)	(9,547)
<u>290,514</u>	<u>143,984</u>	Increase in net assets without donor restrictions, UnityPoint Health	<u>265,967</u>	<u>390,502</u>
		Net assets without donor restrictions, noncontrolling interest:		
1,351	1,638	Excess of revenues over expenses	2,620	4,974
(908)	(1,897)	Distributions of capital	(3,363)	(5,973)
(1)	-	Contributions of capital	1,732	336
15	15	Net assets released from restrictions used for capital expenditures	58	58
(1)	705	Other	-	705
<u>456</u>	<u>461</u>	Increase (decrease) in net assets without donor restrictions, noncontrolling interests	<u>1,047</u>	<u>100</u>
		Net assets with donor restrictions		
10,705	23,052	Contributions	24,840	35,710
-	1,648	Contribution received in affiliations	-	1,648
5,249	2,597	Investment income	5,497	5,129
-	-	Government grants	26	41
(2,198)	(3,907)	Net assets released from restrictions used for operations	(11,468)	(14,173)
(4,323)	(7,008)	Net assets released from restrictions used for capital expenditures	(8,547)	(13,100)
5,860	1,608	Change in net unrealized gains on investments	5,005	7,823
4,425	7,651	Change in beneficial interest in net assets of affiliate	2,878	9,601
308	4,094	Other, net	175	4,726
<u>20,026</u>	<u>29,735</u>	Increase (decrease) in net assets with donor restrictions, UnityPoint Health	<u>18,406</u>	<u>37,405</u>
		Net assets with donor restrictions, noncontrolling interest:		
(14)	(15)	Net assets released from restrictions used for capital expenditures	(58)	(58)
<u>(14)</u>	<u>(15)</u>	Decrease in net assets with donor restrictions, noncontrolling interests	<u>(58)</u>	<u>(58)</u>
310,982	174,165	Increase in Net Assets	285,362	427,949
<u>3,747,521</u>	<u>3,598,976</u>	Net Assets, Beginning of Period	<u>3,773,141</u>	<u>3,345,192</u>
\$ 4,058,503	\$ 3,773,141	Net Assets, End of Period	\$ 4,058,503	\$ 3,773,141

See accompanying notes to consolidated financial statements

UNITYPOINT HEALTH
Consolidated Statements of Cash Flows
(in thousands)

Three Months Ended			Year Ended		
December 31,			December 31,		
2020	2019		2020	2019	
Operating Activities					
\$ 310,982	\$ 174,165	Increase (decrease) in net assets	\$ 285,362	\$ 427,949	
(194,188)	(74,325)	Items not requiring (providing) operating cash			
(9,818)	(25,477)	Net (gain) loss on investments	(162,572)	(279,861)	
		Net unrealized loss on swaps	11,016	11,234	
(13,756)	(21,742)	Restricted contributions, investment income and government grants received	(18,895)	(26,707)	
(86)	(380)	Contributions of or for acquisition of property and equipment	(206)	(1,399)	
49,328	30,998	Depreciation and amortization	188,468	195,119	
18,293	(3,192)	Change in defined pension plans' liability	18,293	(3,192)	
-	669	Contribution received in affiliations	-	669	
(527)	(634)	Amortization of bond premium and debt issuance costs, net	(2,653)	(2,549)	
(1,279)	(499)	Loss on disposition of assets	1,359	927	
14,198	-	Loss on bond refinancing transactions	16,671	-	
(11,093)	(6,321)	Equity in earnings of joint ventures	(28,913)	(24,082)	
(4,425)	(7,651)	Change in beneficial interest in net assets of affiliates	(2,878)	(9,601)	
474	7	Provision for uncollectible accounts	460	64	
Changes in					
(111,152)	(41,276)	Receivables	(22,571)	(38,557)	
2,440	(10,902)	Inventories, prepaid expenses and other assets	6,120	(19,323)	
421,135	56,319	Accounts payable, accrued liabilities and other liabilities	498,794	52,786	
(365,442)	20,043	Due to third-party payers	28,122	(35,305)	
<u>105,084</u>	<u>89,802</u>	Net cash provided by operating activities	<u>815,977</u>	<u>248,172</u>	
Investing Activities					
(40,299)	(64,748)	Capital expenditures	(157,534)	(239,012)	
828	96	Proceeds from sale of assets	2,562	277	
8,517	(38,110)	(Increase) Decrease in assets limited as to use, net	-	-	
-	3,335	Cash acquired in affiliations	-	3,335	
(4,470)	(3,606)	Increase in loans receivable	(4,470)	(3,606)	
(153,767)	(4,635)	(Increase) Decrease in short-term investments	(147,899)	(3,283)	
(14,921)	52,915	(Increase) Decrease in other long-term investments	-	-	
(1,049,143)	(354,687)	Purchases of other long-term investments and assets limited to use	(1,049,143)	(354,687)	
609,570	339,768	Proceeds from sales of other long-term investments and assets limited to use	609,570	339,768	
(6,653)	434	Investments in joint ventures	(7,791)	(3,257)	
14,201	15,426	Distributions received from joint ventures	30,631	64,692	
<u>(636,137)</u>	<u>(53,812)</u>	Net cash used in investing activities	<u>(724,074)</u>	<u>(195,773)</u>	
Financing Activities					
1,200	2,590	Proceeds from issuance of long-term debt	447,443	2,590	
(79,005)	(15,872)	Payments of debt	(98,935)	(46,895)	
2,336	-	Payments of financing costs	-	-	
-	(8,762)	Payments on early extinguishment of debt	(103,175)	(8,762)	
13,756	21,742	Proceeds from restricted contributions, investment income and government grants	18,895	26,707	
86	380	Proceeds from contributions for acquisition of property and equipment	206	1,399	
<u>(61,627)</u>	<u>78</u>	Net cash (used) by financing activities	<u>264,434</u>	<u>(24,961)</u>	
(592,680)	36,068	Increase (Decrease) in Cash and Cash Equivalents	356,337	27,438	
1,227,461	242,376	Cash and Cash Equivalents, Beginning of Period	278,444	251,006	
<u>\$ 634,781</u>	<u>\$ 278,444</u>	Cash and Cash Equivalents, End of Period	<u>\$ 634,781</u>	<u>\$ 278,444</u>	

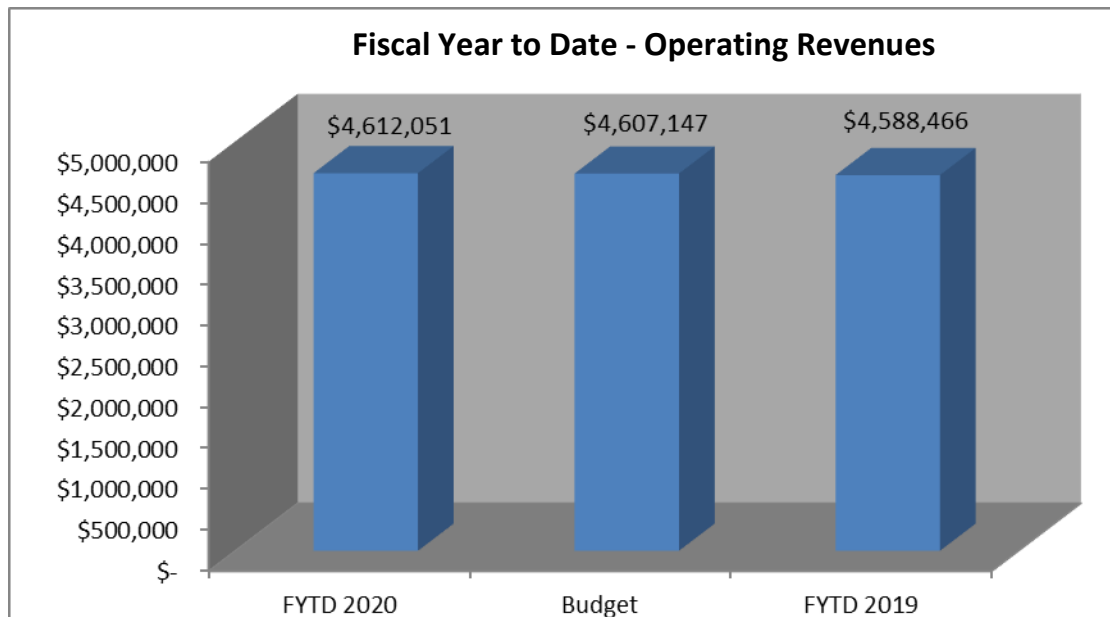
See accompanying notes to consolidated financial statements

SECTION 3

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL RESULTS**

**MANAGEMENT’S DISCUSSION OF FINANCIAL RESULTS
FOR THE PERIOD ENDING DECEMBER 31, 2020
(in thousands) (unaudited)**

1. Revenues



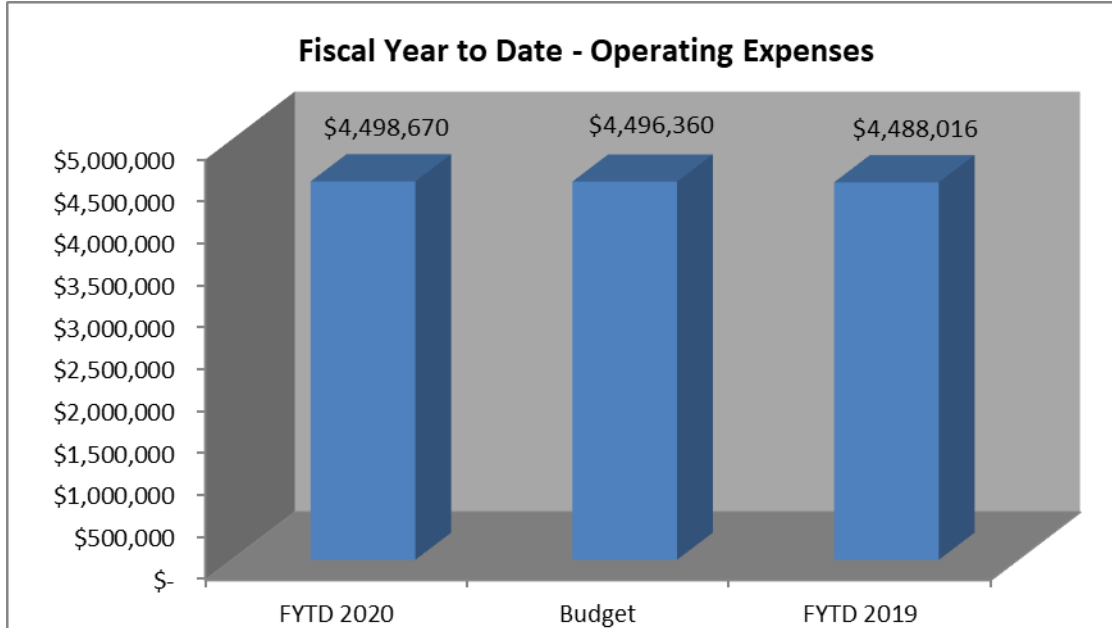
Total operating revenues have increased by 0.5% for the year ended December 31, 2020 compared to the same period in 2019. Actual operating revenues were favorable to budget by 0.1% for the year ended December 31, 2021.

The System continues to evaluate the impact to its consolidated financial statements as a result of the COVID-19 pandemic, including the impact on patient volumes, net operating revenue and operating income. On, March 20, 2020, the System suspended all elective procedures. Beginning in late May 2020, the System began to gradually add elective procedures back into the services provided. The re-addition of the services was done regionally based an evaluation of the pandemic in each region. Elective procedures represent approximately 30% to 40% of patient service revenue for the year ended December 31, 2019. Operating revenues are estimated to be \$192.6 million lower than expected resulting from the outbreak. The Coronavirus Aid, Relief, and Economic Security (CARES) Act became law on March 27, 2020 in response to the market volatility and instability resulting from the pandemic. Through the fourth quarter of 2020, the System recognized \$197.5 million of other operating revenue from the CARES Act stimulus grant revenue.

The System views revenue at risk under value-based contracts to be a significant strategy and opportunity. Under these agreements, the System shares in the savings generated from a reduced level of medical expenses experienced under these contracts in addition to earning revenue based on achieving certain quality metrics. For the year ended December 31, 2020, the System recognized \$134.7 million of other operating revenue compared to a budget of \$19.3 million.

**MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS
FOR THE PERIOD ENDING DECEMBER 31, 2020
(in thousands) (unaudited)**

2. Expenses

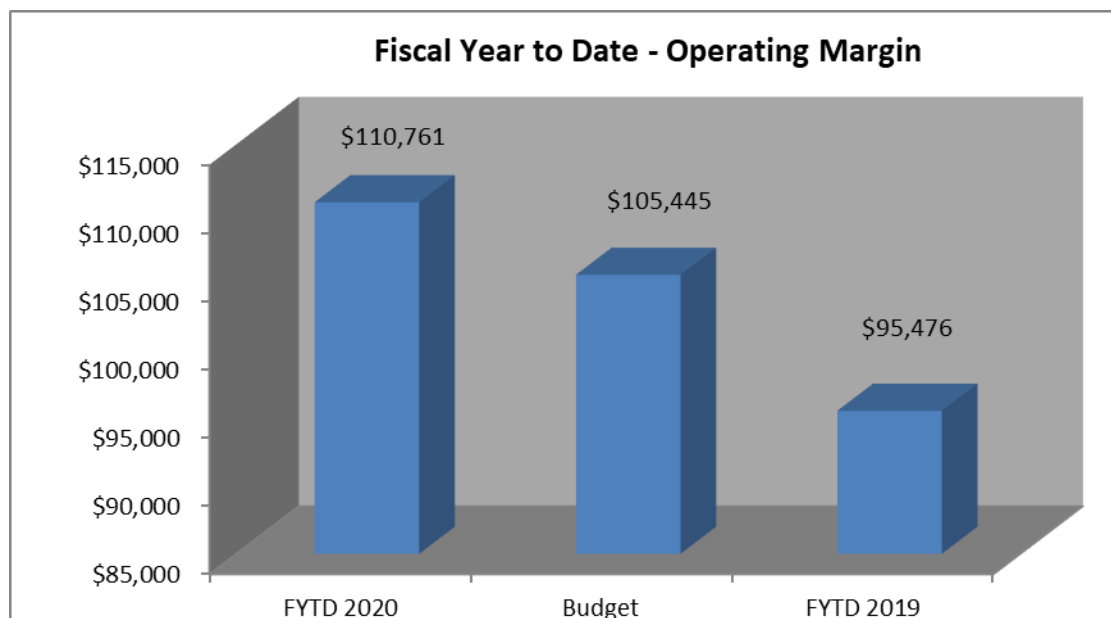


Total operating expenses have increased by 0.2% for the year ended December 31, 2020 compared to the same period in 2019. Actual operating expenses were unfavorable to budget by 0.1% for the year ended December 31, 2020.

The System has implemented measures in response to the COVID-19 outbreak to reduce costs. Such measures included selective wage freezes and employee furloughs. Effective April 26, 2020, the System implemented short-term, limited reduction in hours for administrative, support, ancillary and clinical team members and leaders; reduction in hours available to work or furloughs for those areas that are operating below capacity or experiencing closures; and reduction of executive pay. These costs saving measure were in place through August 2020.

**MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS
FOR THE PERIOD ENDING DECEMBER 31, 2020
(in thousands) (unaudited)**

3. Operating Margin



Prior to the reduction for noncontrolling interest, the system had an operating income of \$113.4 million, reflecting an operating margin of 2.5%. Management considers Income (Loss) Attributable to UnityPoint Health to be a better performance metric than operating income due to the former representing only the portion of income or loss belonging to UnityPoint Health under consolidated ownership principals. The income attributable to UnityPoint Health was \$110.8 million, representing an operating margin of 2.4%, for the year ended December 31, 2020 compared to prior year of 2.1% and budget of 2.3%.

4. Nonoperating Activity and Other Changes in Net Assets

Nonoperating revenue was \$165.0 million for the year ended December 31, 2020 compared to \$285.5 million earned during the same period in 2019. The main drivers of nonoperating revenue was the favorable capital markets during the 2020 year as well as an unfavorable \$16.7 million loss on refinancing of debt.

**MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS
FOR THE PERIOD ENDING DECEMBER 31, 2020
(unaudited)**

5. Key Ratios and Operational Statistics

KEY FINANCIAL RATIOS		
	12/31/2020	12/31/2019
Days cash on hand (debt covenant)	314.69	223.81
Debt to capitalization	28.24%	25.98%
Cash to debt	249.43%	212.97%
Net days in accounts receivable	51.67	54.41

KEY OPERATING STATISTICS - HOSPITAL ONLY		
	12/31/2020	12/31/2019
Discharges (excluding newborns)	119,722	135,595
Patient Days (excluding newborns)	600,268	631,171
Adjusted Discharges (excluding newborns)	284,701	329,901
Average Length of Stay (excluding newborns)	5.01	4.65

Days cash on hand (calculated per debt covenant definitions under the System's master trust indenture) has increased by 90.88 days from December 31, 2019 to December 31, 2020. The primary drivers of the increase are increased borrowings as well as Medicare advanced payments.

Inpatient discharges, excluding newborns, decreased by 11.7% for the year ended December 31, 2020 compared to the same period in 2019. Adjusted discharges decreased by 13.7% over the same comparable period. Effective March 20, 2020, the System canceled all non-emergent and elective procedures to allow for additional acute care capacity for those impacted by COVID-19 and implemented restrictions on patient visitors in its inpatient facilities, outpatient centers, emergency departments, labor and delivery units and psychiatric care units. Such restrictions have significantly impacted utilization and patient service statistics reducing volumes in most hospitals materially below budgeted levels. The System began adding elective services in late May depending upon an evaluation of the pandemic within each region.